

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STILLWATER MARKET NEUTRAL FUND II LP,

Plaintiff,

-against-

BEAR STEARNS ASSET MANAGEMENT INC.,
RALPH CIOFFI, MATTHEW TANNIN, RAYMOND
MCGARRIGAL, THE BEAR STEARNS
COMPANIES, INC., BEAR STEARNS SECURITIES
CORPORATION, BEAR STEARNS & CO. INC.,
BARRY JOSEPH COHEN, GERALD R. CUMMINS,
DAVID SANDELOVSKY, GREG QUENTAL,
WALKERS FUND SERVICES LIMITED, SCOTT
LENNON, MICHELLE WILSON-CLARKE, and
DELOITTE & TOUCHE LLP,

Defendants,

-and-

BEAR STEARNS HIGH-GRADE STRUCTURED
CREDIT STRATEGIES FUND, LP,

Nominal Defendant.

USDC SDNY
DOCUMENT
ELECTRONICALLY FILED
DOC #:
DATE FILED: 9/7/10

No. 09 Civ. 4223 (AKH)

ECF CASE

STIPULATION AND ~~PROPOSED~~ ORDER OF DISMISSAL WITH PREJUDICE

WHEREAS Stillwater Market Neutral Fund II LP ("Plaintiff" or "Stillwater") is plaintiff and Bear Stearns Asset Management Inc., The Bear Stearns Companies Inc., Bear Stearns Securities Corp., Bear Stearns & Co., Barry Joseph Cohen, Gerald R. Cummins, David Sandelovsky and Greg Quental (the "Bear Stearns defendants"); Ralph Cioffi, Matthew Tannin, Raymond McGarrigal; Walkers Fund Services Limited, Scott Lennon, Michelle Wilson-Clarke (together, the "Walkers defendants"); and Deloitte & Touche LLP ("Deloitte U.S.") (collectively, the "Defendants") are defendants in the above-captioned derivative action (the "Action")

brought on behalf of Bear Stearns High-Grade Structured Credit Strategies LP (the “High-Grade Domestic Fund”);

WHEREAS there is pending in this Court an action captioned Navigator Capital Partners, L.P. v. Bear Stearns Asset Management, Inc., et al., No. 07 Civ. 7783 (AKH) (the “Navigator Action”), which is a derivative action brought on behalf of the High-Grade Domestic Fund against all Defendants except Deloitte U.S.;

WHEREAS there is also pending in this Court an action captioned FIC, L.P. v. Bear Stearns Asset Management Inc., No. 07 Civ. 11633 (AKH) (the “FIC Action”), which is a derivative action brought on behalf of the Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Fund L.P.;

WHEREAS on or about June 30, 2008, an amended complaint was filed in an action captioned Varga v. Bear Stearns Companies, Inc., No. 08 Civ. 3397 (AKH) (the “Varga 2008 Action” and the “Varga 2008 Amended Complaint”), in which Stillwater’s general partner, Stillwater Capital Partners LP, was a named plaintiff and which purported to assert individual claims on behalf of Stillwater Capital Partners LP and derivative claims on behalf of the High-Grade Domestic Fund against Defendants and others;

WHEREAS on or about March 26, 2009, pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(i), Stillwater Capital Partners LP voluntarily dismissed without prejudice the individual and derivative claims that it asserted in the Varga 2008 Amended Complaint;

WHEREAS on or about March 27, 2009, Stillwater Capital Partners LP filed a derivative complaint against Defendants in Supreme Court, State of New York,

County of New York, on behalf of the High-Grade Domestic Fund in an action captioned Stillwater Capital Partners LP v. Bear Stearns Asset Management, Inc., at al., No. 09-600954 (the "State Court Complaint");

WHEREAS on April 24, 2009 Varga filed a complaint in Supreme Court, State of New York, County of New York, against the Walkers Defendants, Deloitte U.S. and Deloitte & Touche Cayman Islands ("Deloitte Cayman") in an action captioned Varga v. Deloitte & Touche LLP, No. 09-601265 (the "Varga 2009 Action" and the "Varga 2009 Complaint") (the Varga 2008 Action, Navigator Action, FIC Action, and Varga 2009 Action are hereinafter referred to as, the "Related Actions");

WHEREAS on or about May 26, 2009, the defendants in the Varga 2009 Action removed the complaint in that case to this Court, where it was docketed as Case No. 09 Civ. 4936 (AKH);

WHEREAS on or about April 29, 2009, Defendants removed the State Court Complaint to this Court, where it was docketed as this Action, and on or about August 25, 2009, the Court denied motions to remand the Action and the Varga 2009 Action to state court;

WHEREAS on October 6, 2009, an Amended Complaint was filed in this Action substituting Stillwater as plaintiff for Stillwater Capital Partners LP on the ground that Stillwater had made the relevant investments allegedly underlying the claims asserted by Stillwater Capital Partners LP in the Varga 2008 Amended Complaint, the State Court Complaint and this Action and that Stillwater was therefore the real party in interest in those cases;

WHEREAS on November 20, 2009, the Bear Stearns defendants, Walkers defendants and defendants Cioffi, Tannin and McGarrigal moved to dismiss, stay or consolidate this Action, and defendant Deloitte U.S. moved to dismiss the Action; and whereas, on November 24, 2009, Navigator Capital Partners, L.P., also moved to dismiss, stay or consolidate the Action;

WHEREAS the Court has scheduled oral argument for June 24, 2010, at 10:00 a.m., on all pending motions in the Action and on the motions by Deloitte U.S. and Deloitte Cayman to dismiss the Varga 2009 Complaint;

WHEREAS Stillwater has instructed its counsel to withdraw the Action and, by letter dated June 18, 2010, has so informed the Court; and

WHEREAS the High-Grade Domestic Fund will not suffer prejudice from this dismissal because the Navigator Action continues to be prosecuted derivatively on behalf of the High-Grade Domestic Fund; and

WHEREAS no notice to investors in the High-Grade Domestic Fund is necessary pursuant to Federal Rule of Civil Procedure 23.1 other than by entry of this Stipulation and Order of Dismissal on the public docket;

IT IS HEREBY STIPULATED AND AGREED that:

1. Pursuant to Rules 41(a)(1)(B) and 23.1(c) of the Federal Rules of Civil Procedure, Plaintiff hereby dismisses with prejudice all claims asserted in the Action against all Defendants.

2. Plaintiff stipulates that neither it nor its general partner (i.e., Stillwater Capital Partners LP) nor any related entity will pursue any other present or future individual or class claim or any other present or future derivative claim on behalf

of the High-Grade Domestic Fund, Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Fund L.P., Bear Stearns High-Grade Structured Credit Strategies (Overseas) Ltd., Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage (Overseas) Ltd., Bear Stearns High-Grade Structured Credit Strategies (Overseas) Yen Trust or their respective master funds, in any state or federal court, before an arbitration tribunal or before any other adjudicative body, whether foreign or domestic, against any Defendant, its successors or assigns based upon, arising from or relating to the events giving rise to the claims asserted in this Action.

3. Notwithstanding this Stipulation and Order of Dismissal With Prejudice, Stillwater may pursue whatever rights (if any) that it has to participate in any resolution of the Related Actions, whether by settlement or verdict and to obtain its share of any judgment proceeds from the Related Actions, regardless of whether that judgment is the result of a settlement or verdict, and whether those proceeds are distributed directly to investors in the Funds or distributed to investors by the Funds.

4. Plaintiff and Defendants shall each bear their own costs incurred in the Action.

5. The Clerk shall mark the case as closed and terminate all pending motions. The Clerk shall also mark the motions
Dated: June 23, 2010 in 07 Civ. 7783 (Doc. Nos. 88, 83) as terminated,
BROWNE WOODS GEORGE LLP,

By


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Dated: June 23, 2010

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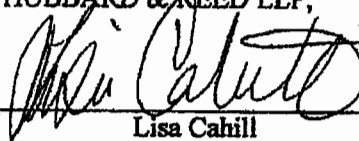
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Gerald Cummins, Greg Quental and David
Sandelovsky (the "Bear Stearns Defendants")*

Dated: June __, 2010

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SO ORDERED this 3 day of September, 2010.


Hon. Alvin K. Hellerstein, U.S.D.J.